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By R.T. NARA Date 7-5-07

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FM WINSTON LORD

TO MR. HOOD

SWH0013

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FEBRUARY 2, 1973

TO: MR. HOOD

FROM: WINSTON LORD

PLEASE DELIVER FOLLOWING TO YOUR CUSTOMER.

IN ACCORDANCE WITH THE SHANGHAI COMMUNIQUE, THE UNITED STATES LOOKS FORWARD TO CONTINUED EFFORTS TO FACILITATE THE PROGRESSIVE DEVELOPMENT OF TRADE WITH THE PEOPLE'S REPUBLIC OF CHINA. IN THIS CONNECTION THE CHINESE SIDE WILL RECALL PAST CONVERSATIONS ON THE QUESTIONS OF PRIVATE CLAIMS AND BLOCKED ASSETS. AS A PRACTICAL MATTER ONE OF THE BASIC IMPEDIMENTS TO INCREASED TRADE IS THE MATTER OF CLAIMS BY PRIVATE U.S. CITIZENS AGAINST THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA. ACCORDING TO U.S. LAWS, PROPERTY OF THE PRC CAN BE ATTACHED BY PRIVATE CLAIMANTS THROUGH ACTIONS OF THE U.S. COURTS.

IN LIGHT OF THIS SITUATION, THE U.S. GOVERNMENT PROPOSED LAST JULY THROUGH THE PARIS CHANNEL THAT NEGOTIATIONS BEGIN ON THE PRIVATE CLAIMS ISSUE, WHICH IS ALSO RELATED TO THE QUESTION OF THE RELEASE OF BLOCKED ASSETS OF THE PRC IN U.S. BANKS. IN RESPONSE, THE GOVERNMENT OF THE PRC HAS REQUESTED ADDITIONAL INFORMATION ON SPECIFIC PRIVATE AMERICAN CLAIMS AGAINST THE PRC BEFORE BEGINNING NEGOTIATIONS.

THE U.S. SIDE WISHES TO REAFFIRM THAT ITS INTEREST IN THESE QUESTIONS IS SIMPLY TO EASE THE DEVELOPMENT OF TRADE BETWEEN THE TWO COUNTRIES AND NOT TO COMPLICATE MATTERS.

IT WISHES TO INFORM THE CHINESE SIDE THAT THE INFORMATION REQUESTED BY THE CHINESE SIDE HAS NOW BEEN PREPARED, TOGETHER WITH INFORMATION ON BLOCKED ASSETS, AND THAT THIS MATERIAL WILL BE TRANSMITTED THROUGH THE PARIS CHANNEL WITH AN EXPLANATORY MEMORANDUM IN THE NEAR FUTURE. THE PURPOSE OF THIS MATERIAL WILL BE TO EXPLAIN MORE CONCRETELY THE NATURE OF THE PROBLEMS AND FACILITATE DECISION-MAKING.

DR. KISSINGER WILL BE PREPARED TO DISCUSS THESE ISSUES DURING HIS VISIT TO PEKING IF THE CHINESE SIDE SO DESIRES. HE WILL ALSO BE READY TO DISCUSS OTHER QUESTIONS RELATED TO THE EXPANSION OF TRADE BETWEEN THE TWO COUNTRIES.
END OF TEXT.

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